

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-sixth Legislature - First Regular Session

## CAUCUS AGENDA

February 06, 2023

Bill Number	Short Title	Committee	Date	Action
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### Committee on Appropriations

**Chairman:** David Livingston, LD 28

**Analyst:** Austin Fairbanks

**Vice Chairman:** Joseph Chaplik, LD 3

**Intern:** Leslie Vides

[HB 2570](#)<sup>(BSI)</sup> general appropriations act; 2023-2024

SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2571](#)<sup>(BSI)</sup> amusements; 2023-2024

SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2572](#)<sup>(BSI)</sup> capital outlay; appropriations; 2023-2024

SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2573](#)<sup>(BSI)</sup> environment; 2023-2024

SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2574](#)<sup>(BSI)</sup> health care; 2023-2024

SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2575](#)<sup>(BSI)</sup> higher education; 2023-2024

SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2576](#)<sub>(BSI)</sub> human services; 2023-2024  
SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2577](#)<sub>(BSI)</sub> K-12 education; 2023-2024  
SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2578](#)<sub>(BSI)</sub> local government; 2023-2024  
SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2579](#)<sub>(BSI)</sub> state budget implementation; 2023-2024  
SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2580](#)<sub>(BSI)</sub> state buildings; management; 2023-2024  
SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2581](#)<sub>(BSI)</sub> taxation; 2023-2024  
SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

[HB 2582](#)<sub>(BSI)</sub> transportation; 2023-2024  
SPONSOR: LIVINGSTON, LD 28 HOUSE  
APPROP 2/1/2023 DP (9-6-0-0)  
(No: QUIÑONEZ, SALMAN, SCHWIEBERT, SHAH, STAHL HAMILTON,  
AUSTIN)

### **Committee on Education**

**Chairman:** Beverly Pingerelli, LD 28  
**Analyst:** Chase Houser

**Vice Chairman:** David Marshall, Sr., LD 7  
**Intern:** Sisto Jacobo

[HCR 2001](#)<sub>(BSI)</sub> school district expenditures; authorization.  
SPONSOR: COOK, LD 7 HOUSE  
ED 1/31/2023 DP (8-1-1-0)  
(No: DIAZ Present: PINGERELLI)



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

## **HB 2570: general appropriations act; 2023-2024** **Sponsor: Representative Livingston, LD 28** **Caucus & COW**

### **Overview**

Appropriates monies for the operation of the state government in FY 2024.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#) of the Constitution of Arizona requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills prepared according to subject area.

### **Provisions**

The tables below indicate state General Fund (GF) and other fund (OF) changes for appropriated state agencies in FY 2024 stated in terms of changes to the [FY 2024 JLBC Baseline](#).

Major footnotes are stated in terms of changes to the [FY 2023 General Appropriations Act](#).

Summary of Changes	Fund	Comments	FY 2024 Changes to JLBC Baseline
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#### ***Arizona Department of Administration (ADOA)***

1. Requires ADOA to submit a report on expenditures made from the Cyber Risk Insurance Fund to the Director of the Joint Legislative Budget Committee (JLBC) by November 1, 2024. (Sec. 4)

#### ***ADOA – School Facilities Division (Sec. 5)***

Building Renewal Grants Deposit	GF	One-time, in addition to ongoing \$16,667,900 in the Baseline.	\$183,300,000
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#### ***Arizona Department of Corrections (ADC) (Sec. 21)***

Private Prison Contract Increase	GF	Ongoing amount for FY 2023 salary increase	\$7,101,400
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#### ***Department of Economic Security (DES)***

2. Directs DES to submit an expenditure plan to JLBC for review prior to spending \$1,000,000 for homeless youth services. (Sec. 27)

#### ***Arizona Department of Education (ADE) (Sec. 29)***

Operating Lump Sum Appropriation	GF	Ongoing	\$4,551,600
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☐ Prop 105 (45 votes)    ☐ Prop 108 (40 votes)    ☐ Emergency (40 votes)    ☐ Fiscal Note

Empowerment Scholarship Administration	GF	Ongoing	\$(4,551,600)
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3. Requires ADE to submit an expenditure plan to JLBC for review before spending the \$6,880,000 increase in early literacy.

Department of Health Services (Sec. 42)			
Homeless Pregnant Women Services	OF	Health Services Lottery Fund	\$100,000

Independent Redistricting Commission			
Remove One-time Appropriation	GF	FY 2024 Baseline called for a one-time appropriation under enacted 3-year plan	\$(1,500,000)

***Department of Public Safety (DPS)***

4. Specifies that the Border Strike Task Force Local Support line item is to be used for:
  - a) Deterrence and apprehension of individuals charged with border-related crimes; and
  - b) Grants to cities, towns or counties for costs associated with prosecuting and detaining individuals charged with border-related crimes. (Sec. 75)
5. Designates \$7,000,000 of the Major Incident Division line item for reimbursing regional law enforcement task forces and other law enforcement agencies to perform critical force incident investigation. (Sec. 75)

***Arizona Department of Transportation (ADOT)***

6. Eliminates three reporting ADOT footnotes that are converted into permanent law in the transportation budget bill. (Sec. 85)

Arizona State University (Sec. 89)			
Operating Lump Sum Appropriation	GF	Ongoing	\$6,006,500
School of Civic and Economic Thought and Leadership	GF	Ongoing	\$(6,006,500)

7. Expresses the intent of the Legislature that appropriated monies allocated by Arizona State University to the School of Civic and Economic Thought and Leadership in FY 2024 be consistent with the amount appropriated in FY 2023. (Sec. 89)
8. Expresses the intent of the Legislature that appropriated monies allocated by Arizona State University to the Center for American Institutions be consistent with the amount appropriated in FY 2022, to be used at the sole discretion of the lead of the Center. (Sec. 89)

Northern Arizona University (Sec. 90)			
Operating Lump Sum Appropriation	GF	Ongoing	\$865,300
Economic Policy Institute	GF	Ongoing	\$(865,300)

9. Expresses the intent of the Legislature that appropriated monies allocated by Northern Arizona University to the Economic Policy Institute in FY 2024 be consistent with the amount appropriated in FY 2023. (Sec. 90)

University of Arizona (Sec. 91)			
Operating Lump Sum Appropriation	GF	Ongoing	\$4,840,000
Center for the Philosophy of Freedom	GF	Ongoing	\$(4,840,000)

10. Expresses the intent of the Legislature that appropriated monies allocated by the University of Arizona to the Center for the Philosophy of Freedom in FY 2024 be consistent with the amount appropriated in FY 2023.

#### ***Supplemental Appropriations***

11. Appropriates \$3,107,700 from the Risk Management Revolving Fund to ADOA in FY 2023 to pay disallowed costs and for FY 2022 fund transfers. (Sec. 95)
12. Appropriates \$1,750,000 from the Personnel Division Fund to the Human Resources Information System (HRIS) Subaccount of the Automation Projects Fund in FY 2023. (Sec. 96)
13. Appropriates \$58,487,600 from the Children's Health Insurance Program Fund and \$3,307,915,900 from expenditure authority to AHCCCS in FY 2023 for formula adjustments. (Sec. 97)
14. Reduces the appropriation from the Tobacco Tax and Health Care Fund – Medically Needy Account in FY 2023 by \$55,000 for formula adjustments. (Sec. 97)
15. Appropriates \$11,100,000 from expenditure authority in FY 2023 to the Department of Child Safety adoption services line item for a technical adjustment. (Sec. 98)
16. Appropriates \$200,000,000 from the General Fund in FY 2023 to the Superintendent of Public Instruction for additional Basic State Aid costs. (Sec. 99)

#### ***Additional FY 2024 Appropriations***

17. Appropriates the following sums from the GF to ADOA in FY 2024 for counties:
  - a) \$7,150,650 for equal distribution to counties with a population under 900,000;
  - b) \$500,000 for distribution to Graham County;
  - c) \$3,000,000 for equal distribution to counties with a population under 300,000 to supplement pension payments; and
  - d) \$7,000,000 for distribution to counties to establish a coordinated reentry planning services program. (Sec. 100)
18. Appropriates the following sums that are non-lapsing through June 30, 2025, to subaccounts of the Automation Projects Fund in FY 2024:
  - a) \$20,647,800 from the HRIS Subaccount to replace the HRIS; and
  - b) \$19,369,400 from the Department of Revenue Subaccount to implement the integrated tax system modernization project that meets outlined minimum specifications. (Sec. 101)
19. Requires ADOA to provide quarterly reports to JLBC on automation projects, including project expenditures, deliverables, timeline and current status. (Sec. 101)
20. Continues to allow DES to use up to \$25,000,000 from the Budget Stabilization Fund to provide funding for reimbursement grants, with reporting requirements. (Sec. 102)
21. Allocates \$25,498,600 from the GF in FY 2024 to the Arizona Convention Center Development Fund. (Sec. 103)

22. Distributes an estimated \$17,000,000 from transaction privilege tax revenues to the Rio Nuevo Multipurpose Facility District in FY 2024. (Sec. 104)

***Fund Balance Transfers and Payment Deferrals***

23. Establishes fund balance transfer amounts for automation projects but specifies that transfers into the Automation Projects Fund are not appropriations. (Sec. 105)
24. Defers \$800,727,700 of the FY 2024 Basic State Aid and Additional State Aid entitlement to July 12, 2024. (Sec. 106)
25. Directs school districts to include the deferred payments when computing tax rates for FY 2024. (Sec. 106)

***Statewide Adjustments***

26. Replaces the employer health insurance contribution reduction of \$95,469,000 and university health insurance backfill removal of \$40,033,000 with an employer health insurance contribution increase of \$102,000,000. (Sec. 107)
27. Directs JLBC staff, in consultation with the Governor's Office of Strategic Planning and Budgeting, to determine the amounts of the statewide adjustments to be allocated by ADOA for each agency. (Sec. 107)
28. Sets FY 2024 charges for general agency counsel provided by the Department of Law. (Sec. 108)

***FY 2025 Appropriations***

29. Appropriates \$77,898,600 from the GF in FY 2025 to the New School Facilities Fund for projects that received final approval from the Division of School Facilities by December 15, 2022. (Sec. 109)

***Miscellaneous***

30. Requires the Governor to report to the Legislature:
- a) Any expenditures exceeding \$10,000,000 from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund from the federal American Rescue Plan Act of 2021 (ARPA) prior to spending the monies; and
  - b) The actual quarterly expenditures from ARPA through June 30, 2026. (Sec. 110)
31. Requires the Superintendent of Public Instruction to report to the Legislature:
- a) Any expenditure exceeding \$10,000,000 from the Elementary and Secondary School Emergency Relief Fund from ARPA prior to spending the monies; and
  - b) The actual quarterly expenditures from ARPA through June 30, 2026. (Sec. 110)
32. Requires quarterly reports from the Arizona Board of Regents and each community college district to the Legislature on the actual expenditures of the Higher Education Emergency Relief Fund from ARPA through June 30, 2026. (Sec. 110)
33. States the intent of the Legislature that the Executive Branch report on additional federal aid enacted by the end of FY 2024. (Sec. 110)
34. Expresses legislative intent that all budget units continue to report expenditures in a format similar to prior years. (Sec. 111)
35. Requires all full-time equivalent (FTE) positions to be subject to appropriation and outlines reporting requirements for ADOA and each university to compare FTE usage to the appropriated FTEs. (Sec. 112)
36. Requires each agency to submit a report to JLBC by October 1, 2023, on the number of filled appropriated and nonappropriated FTE positions by fund source. (Sec. 113)
37. Directs ADOA to provide a monthly report to JLBC on any transfers of spending authority during the prior month. (Sec. 114)

38. Forecasts GF revenue estimates for FY 2023, 2024, 2025 and 2026 and GF expenditure estimates for FY 2025 and 2026. (Sec. 115)
39. Requires the Executive Branch to provide JLBC a preliminary estimate of the FY 2023 ending GF balance by September 15, 2023. (Sec. 115)
40. Directs JLBC staff to report to JLBC by October 15, 2023, whether the FY 2024 revenues and ending balance are expected to change by more than \$50,000,000 from the budgeted projections. (Sec. 115)
41. Defines \*, *expenditure authority* and *review by the Joint Legislative Budget Committee*. (Sec. 116, 117, 118)



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

## **HB 2571**: amusements; 2023-2024

**Sponsor: Representative Livingston, LD 28**  
**Caucus & COW**

### **Overview**

Contains provisions relating to amusements needed to implement the FY 2024 budget.

### **History**

Pursuant to [A.R.S. § 5-104](#), the Arizona Department of Gaming (ADG) Division of Racing establishes and collects a regulatory assessment from each commercial racing permittee, payable from amounts deducted from pari-mutuel pools by the permittee, from amounts wagered on live and simulcast races from in-state and out-of-state wagering handled by the permittee. All monies received from the regulatory assessment are deposited into the Racing Regulation Fund, which is the primary funding source for the Division of Racing.

While ADG has the authority to set the regulatory assessment rate, the Legislature, for each FY since 2017, has set the rate at 0.5% of the amounts wagered.

### **Provisions**

1. Continues for FY 2024, as session law, ADG's regulatory assessment of 0.5% on the amounts wagered on live and simulcast races from in-state and out-of-state wagering handled by a commercial racing permittee. (Sec. 1)

☐ Prop 105 (45 votes)    ☐ Prop 108 (40 votes)    ☐ Emergency (40 votes)    ☐ Fiscal Note





# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

## **HB 2572: capital outlay; appropriations; 2023-2024**

**Sponsor: Representative Livingston, LD 28**

**Caucus & COW**

### **Overview**

Makes capital appropriations to state agencies in FY 2024.

### **History**

In addition to the annual General Appropriations Act (feed bill) that makes most operating appropriations for the state departments and public schools, the Arizona Legislature annually adopts a capital outlay bill that appropriates monies for the capital needs of the state. In addition to State Highway Fund appropriations, the capital outlay bill generally includes building renewal appropriations for the Arizona Department of Administration (ADOA) and Arizona Department of Transportation (ADOT) building systems ([A.R.S. § 41-793](#)). Within the ADOA building system, there are designated funds for building renewal at the Arizona Department of Corrections (ADC), Arizona Game and Fish Department and State Lottery Commission.

### **Provisions**

#### ***Building Renewal (Sec. 1)***

1. Appropriates the following amounts to the specified agencies in FY 2024 for major maintenance and repair of state buildings:

#### **ADOA**

- a. \$16,000,000 from the Capital Outlay Stabilization Fund (COSF);
  - i. Requires ADOA to allocate these monies to state agencies for necessary building renewal; and
  - ii. Reduces the appropriation from COSF to the amount available in that fund if the monies are insufficient to fund the full appropriation.

#### **ADC**

- b. \$5,864,300 from the Department of Corrections Building Renewal Fund;
  - i. Prohibits ADC from spending these monies on personal services or overhead expenses related to managing the funded projects.

#### **Arizona Game and Fish Department**

- c. \$1,776,400 from the Game and Fish Fund;

#### **State Lottery Commission**

- d. \$214,200 from the State Lottery Fund;

#### **Arizona Department of Transportation (ADOT)**

- e. \$18,139,400 from the State Highway Fund; and
- f. \$441,900 from the State Aviation Fund.

#### ***Individual Projects (Sec. 2)***

2. Appropriates \$31,422,000 from the state General Fund (GF) to ADC to replace evaporative cooling at statewide prisons with HVAC.

#### ***Statewide Highway Construction (Sec. 3)***

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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3. Appropriates \$444,243,000 from the State Highway Fund to ADOT in FY 2024 to:
  - a. Plan and construct state highways;
  - b. Acquire rights-of-way; and
  - c. Provide for the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction.
4. Appropriates any excess balances and collections in the State Highway Fund to ADOT for the above purposes.
5. Requires ADOT to report to the Directors of the Joint Legislative Budget Committee (JLBC) and Governor's Office of Strategic Planning and Budgeting by November 1, 2023 on:
  - a. Highway construction expenses from all fund sources for the prior, current and upcoming fiscal years;
  - b. Capital outlay information for FYs 2023 through 2025; and
  - c. Estimated debt service payment amounts for FYs 2025 through 2028.
6. Exempts the appropriation from review by JCCR.
7. Prevents the appropriation from lapsing until the purpose for which the appropriation is made has been accomplished or abandoned, or the appropriation stands for a full year without an expenditure or encumbrance.

***Airport Planning and Development (Sec. 4)***

8. Appropriates \$35,000,000 from the State Aviation Fund to ADOT in FY 2024 to plan, construct, develop and improve public airports as determined by the State Transportation Board.
9. Appropriates any excess balances and collections in the State Aviation Fund to ADOT for the above purposes in FY 2024.
10. Requires ADOT to report to JLBC staff by December 31, 2023 on the status of all aviation grant awards and distributions.
11. Exempts the appropriation from review by JCCR.
12. Prevents the appropriation from lapsing until the purpose for which the appropriation is made has been accomplished or abandoned, or the appropriation stands for a full year without an expenditure or encumbrance.

***Miscellaneous (Sec. 5)***

13. Allows ADOA to spend up to 5% of the amounts appropriated to it for project management.
14. Prohibits all other monies from being spent for personal services of employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities.



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

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## **HB 2573: environment; 2023-2024**

**Sponsor: Representative Livingston, LD 28  
Caucus & COW**

### **Overview**

Contains provisions relating to the environment needed to implement the FY 2024 budget.

### **History**

#### ***Arizona Water Protection Fund***

The Arizona Water Protection Fund provides grants for projects that protect water quality and quantity and maintain, enhance and restore rivers, streams and riparian habitats (A.R.S. § 45-2111). This fund is overseen by a commission that consists of two *ex officio* members, two advisory members and nine appointed members (A.R.S. §§ 45-2103 and 45-2104).

The Arizona Department of Water Resources (ADWR) provides administrative, technical and legal support to the commission as funding is available (A.R.S. § 45-2114). Since the FY 2013 Environment Budget Reconciliation Bill (BRB), the commission has been authorized to grant ADWR up to \$336,000 of the fund's unobligated balance to pay for administrative costs (Laws 2012, Chapter 303, § 10).

#### ***Underground Storage Tank Revolving Fund***

The Underground Storage Tank Revolving Fund covers certain costs for corrective and non-corrective actions and remediation involving leaking tanks and reimburses ADEQ for costs related to corrective action requirements and fund administration (A.R.S. § 49-1015). This fund receives revenue from a 1¢ excise tax that is annually assessed on each gallon of regulated substances stored in most USTs (A.R.S. § 49-1031).

ADEQ has been authorized to transfer monies from this fund for administrative costs since the FY 2006 Environment BRB (Laws 2005, Chapter 332, § 5). The amount transferred has been set at \$6,531,000 since the FY 2008 Environment BRB (Laws 2007, Chapter 262, § 7). Beginning with the FY 2019 Environment BRB, ADEQ also could use these monies to remediate sewage discharges in Naco and other border areas (Laws 2018, Chapter 280, § 5).

#### ***Arizona Navigable Stream Adjudication Commission***

The Arizona Navigable Stream Adjudication Commission is a five-member commission that reviews historical evidence, conducts investigations and determines the navigability of Arizona's 39,039 watercourses at the time of statehood to determine the title and ownership of the streambeds ([A.R.S. § 37-1121 et seq.](#)). Since the FY 2016 Environment BRB, the commission has received an appropriation from the Arizona Water Banking Fund to pay for legal expenses ([Laws 2015, Chapter 13, § 7](#)).

#### ***Water Quality Assurance Revolving Fund***

The Water Quality Assurance Revolving Fund (WQARF) finances efforts to identify, monitor and remediate groundwater and overlying soil that has been contaminated by hazardous substances. Statute establishes a formula for providing \$18 million annually to WQARF through a combination of various revenues and corporate income taxes ([A.R.S. § 49-282](#)). However, this funding formula has been waived since FY 2008 in favor of reducing the amount from corporate income taxes and appropriating monies from several other program funds ADEQ administers. More recently, the FY 2021-2023 Environment BRBs caps the amount of corporate income tax monies transferred to WQARF at \$15 million ([Laws 2020, Chapter 55, § 4](#), [Laws 2021, Chapter 407, § 11](#), and [Laws 2022, Chapter 312, § 7](#)).

#### ***Vehicle Emission Testing Fees***

To help Arizona comply with the Clean Air Act, ADEQ operates the vehicle emissions inspection program. Vehicles registered in Area A (the Phoenix metropolitan area and parts of Pinal and Yavapai Counties) and

Area B (the Tucson metropolitan area), or that are used to commute to these areas, must pass an inspection to ensure compliance with minimum emissions standards. A vehicle generally cannot be sold or registered in these metropolitan areas until it has passed this inspection (A.R.S. §§ [49-541](#) and [49-542](#)). Since the FY 2018 Environment BRB, ADEQ has been directed to charge the same fees it charged in the previous fiscal year for tests in Area A ([Laws 2017, Chapter 308, § 9](#)).

#### ***Arizona Department of Agriculture Fees***

The Arizona Department of Agriculture (ADA) administers various program funds and charges fees for services associated with these funds. The ADA's advisory council is a five-member body that reviews policy and assists the director in drafting administrative rules and the department's proposed budget ([A.R.S. § 3-104](#)).

The Legislature has set specific conditions on ADA's fee-setting practices since the FY 2013 Environment BRB ([Laws 2012, Chapter 303, § 15](#)). Similar to BRBs from previous years, part of the FY 2023 budget bills allowed the department, at the advisory council's recommendation, to continue, increase or decrease existing fees for services in FY 2022. In doing so, the Legislature declared its intent that additional fee revenue could not exceed:

- 1) \$218,000 to the state General Fund;
- 2) \$113,000 to the Pesticide Trust Fund; and
- 3) \$26,000 to the Dangerous Plants, Pests and Diseases Trust Fund.

As part of the FY 2023 budget, the ADA was exempted from rulemaking requirements for the purpose of setting these fees until July 1, 2023 ([Laws 2022, Chapter 312, § 9](#)).

#### **Provisions**

1. Authorizes the Arizona Water Protection Fund Commission to grant to ADWR up to \$336,000 of its fund's unobligated balance for administrative costs in FY 2024. (Sec. 1)
2. Authorizes ADEQ to use up to \$6,531,000 from the Underground Storage Tank Revolving Fund in FY 2024 for administrative costs and to remediate sewage discharge issues in Naco and other border areas of Arizona. (Sec. 2)
3. Allows monies appropriated to the Arizona Navigable Stream Adjudication Commission from the Arizona Water Banking Fund to be used for legal fees in FY 2024. (Sec. 3)
4. Limits to \$15,000,000 the amount of corporate income tax monies transferred to WQARF in FY 2024. (Sec. 4)
5. Directs ADEQ to charge vehicle emissions testing fees in FY 2024 that do not exceed the fees charged in FY 2023 for testing in Area A. (Sec. 5)
6. Exempts ADEQ from rulemaking requirements until July 1, 2024 for setting vehicle emissions testing fees. (Sec. 5)
7. Authorizes ADA to continue, increase or lower existing fees charged in FYs 2022 and 2023 in FY 2024 for services provided in that fiscal year. (Sec. 6)
8. Contains a legislative declaration involving revenues generated from ADA fees. (Sec. 6)
9. Exempts the ADA from rulemaking requirements until July 1, 2024 for setting fees. (Sec. 6)



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

## **HB 2574: health care; 2023-2024**

**Sponsor: Representative Livingston, LD 28**  
**Caucus & COW**

### **Overview**

Contains provisions relating to health care needed to implement the FY 2024 budget.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the *General Appropriations Act* (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

### **Provisions**

#### ***Arizona Health Care Cost Containment System (AHCCCS)***

15. As session law, requires, by December 31, 2024, AHCCCS to transfer to the counties any portion necessary to comply with the Patient Protection and Affordable Care Act regarding the counties' proportional share of this state's contribution. (Sec. 3)
16. As session law, allows, for the contract year beginning October 1, 2023 and ending September 30, 2024, AHCCCS to continue the risk contingency rate settings for all managed care organizations (MCO) and funding for all MCO administrative funding levels that were imposed for the contract year beginning October 1, 2010 and ending September 30, 2011. (Sec. 7)
17. As session law, continues to state that it is the intent of the Legislature for FY 2024 that AHCCCS implement a program within its available appropriation. (Sec. 9)

#### ***Counties***

18. As session law, sets the annual county Arizona Long Term Care System (ALTCS) contributions for FY 2024 at \$366,205,400 million and:
  - a. Outlines each county's contribution;
  - b. Requires the State Treasurer to recover the cost of any funding that was not provided; and
  - c. Requires the State Treasurer to deposit monies received into the ALTCS fund. (Sec. 1)
19. As session law, requires the counties' share of the state's contribution to comply with federal maintenance of effort requirements. (Sec. 1)
20. As session law, sets the FY2024 county acute care contributions at \$43,733,700 and:
  - a. Outlines each county's contribution;
  - b. Outlines payment processes and requirements;
  - c. Requires the State Treasurer to recover the cost of any funding that was not provided by a county from other funds owed to that county, excluding the Highway User Revenue Fund; and
  - d. States that the Legislature intends that the Maricopa County contribution be reduced in each subsequent year according to changes in the GDP price deflator. (Sec. 4)
21. As session law, continues to exclude the Proposition 204 administration costs from the county expenditure limitations. (Sec. 5)

☐ Prop 105 (45 votes)

☐ Prop 108 (40 votes)

☐ Emergency (40 votes)

☐ Fiscal Note

### ***Disproportionate Share Hospital (DSH) Payments***

22. As session law, sets the annual DSH payment allotment for the Maricopa County Special Health Care District (District) at \$113,818,500 for FY 2024 and:
- a. Requires the District to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by May 1, 2024 for all state plan years as required by the AHCCCS Section 1115 waiver;
  - b. States that if the certification is equal to or less than \$113,818,500 and AHCCCS determines the revised amount is correct, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Distribute \$4,202,300 to the District and deposit the balance in the state GF.
  - c. States that if the certification is less than \$113,818,500 and AHCCCS determines the revised amount is not correct, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Deposit the total amount in the state GF.
  - d. Provides that if the certification is greater than \$113,818,500, AHCCCS must:
    - i. Distribute \$4,202,300 to the District; and
    - ii. \$71,248,000 of the federal financial participation in the state GF; and
  - e. Allows AHCCCS to make additional DSH payments to the District pursuant to statute. (Sec. 2)
23. As session law, sets the annual DHS payment allotment to the Arizona State Hospital (ASH) at \$28,474,900 for FY 2024 and:
- a. Requires ASH to provide a certified public expense form for the amount of qualifying DSH expenditures made to AHCCCS by March 31, 2024;
  - b. Directs AHCCCS to:
    - i. Assist ASH in determining the amount of qualifying DSH expenditures; and
    - ii. Deposit the entire amount of federal financial participation in the state GF;
  - c. States that if the certification is less than \$28,474,900, AHCCCS must:
    - i. Notify the Governor and the Legislature; and
    - ii. Deposit the entire amount of federal financial participation in the state GF; and
  - d. Requires the certified public expense form to contain the total amount of qualifying DSH expenditures and the amount limited by federal law. (Sec. 2)
24. As session law, establishes the annual DSH payment allotment for private qualifying DSH hospitals at \$884,800 for FY 2024, consistent with the appropriation and the terms of the State plan and:
- a. Limits payments to hospitals that either:
    - i. Meet the mandatory definition of DSH qualifying hospital under Section 1923 of the Social Security Act; or
    - ii. Are located in Yuma County and contain at least 300 beds. (Sec. 2)
25. As session law, outlines the following order of DSH payment allotments for private qualifying hospitals once the above-mentioned DSH distributions are made. (Sec. 2)

### **Arizona Department of Health Services (DHS)**

26. As session law, exempts county expenditures for restoration to competency treatment from the county expenditure limitation. (Sec. 6)
27. As session law, allows the Health Services Lottery Fund monies to be used for purposes specified in the FY2024 General Appropriations Act. (Sec. 8)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

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**HB 2575: higher education; 2023-2024**  
**Sponsor: Representative Livingston, LD 28**  
**Caucus & COW**

## **Overview**

Contains provisions relating to higher education needed to implement the FY 2024 budget.

## **History**

### ***Arizona Financial Aid Trust Fund (AFAT)***

The Arizona Board of Regents (ABOR) may establish AFAT to provide immediate aid to students with verifiable financial need and create an endowment for future financial aid. AFAT consists of three primary funding sources: 1) student registration fees; 2) state General Fund monies; and 3) if applicable, 20% of cumulative net income earned by the universities from the sale or transfer of intellectual property exceeding \$1,000,000. ABOR must place 25% of monies in AFAT as permanent endowment and use the remaining 75% of monies for immediate aid for students with verifiable financial need. Each dollar raised pursuant to student registration fees must be matched by \$2 appropriated by the Legislature (A.R.S. §§ [15-1642](#), [15-1670](#)).

### ***Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid***

A statutory formula calculates each community college district's (CCD's) STEM and workforce programs state aid by multiplying the CCD's full-time equivalent student (FTSE) count by statutorily set dollar amounts. A CCD may spend STEM and workforce programs state aid on partnerships, additional faculty, technology, equipment, technology infrastructure, student services and the purchase or lease of real property ([A.R.S. § 15-1464](#)).

### ***Operating State Aid***

The Legislature must determine and appropriate an amount of operating state aid to eligible CCDs. A statutory formula is used to adjust a CCD's operating state aid according to changes in its FTSE count. CCDs may use operating state aid for continuing operating and maintenance expenses ([A.R.S. § 15-1466](#)).

## **Provisions**

28. As session law for FY 2024, authorizes each dollar raised by the surcharge on student registration fees assessed pursuant to AFAT to be matched by less than \$2 appropriated by the Legislature. (Sec. 1)
29. As session law for FY 2024, states STEM and workforce programs state aid and operating state aid for CCDs are as specified in the General Appropriations Act. (Sec. 2, 3)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

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**HB 2576: human services; 2023-2024**  
**Sponsor: Representative Livingston, LD 28**  
**Caucus & COW**

## **Overview**

Contains session law provisions relating to human services needed to implement the FY 2024 budget.

## **History**

The Temporary Assistance for Needy Families (TANF) Block Grant is used to: 1) provide assistance to needy families so that children may be cared for in their own homes or in homes of relatives; 2) end the dependence of needy parents on government benefits by promoting job preparation, work and marriage; 3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and 4) encourage the formation and maintenance of two-parent families ([42 U.S.C. 601](#)). The Arizona Department of Economic Security (DES) utilizes TANF funding to provide temporary financial assistance to dependent children in their own homes or in the homes of responsible caretaker individuals.

According to the Joint Legislative Budget Committee, the FY 2024 [Baseline Book](#) continues a provision allowing DES to drug test TANF recipients if there is a reasonable suspicion that they are using illegal drugs.

## **Provisions**

30. As session law, requires DES to screen and test each adult recipient who is eligible for TANF cash benefits and who DES has reasonable cause to believe engages in the illegal use of controlled substances. (Sec. 1)
31. As session law, specifies that any TANF recipient who tests positive for the use of a controlled substance that was not prescribed for the recipient by a licensed health care provider is ineligible to receive benefits for a period of one year. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

## **HB 2577: K-12 education; 2023-2024** **Sponsor: Representative Livingston, LD 28** **Caucus & COW**

### **Overview**

Contains provisions relating to K-12 education needed to implement the FY 2024 budget.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#) of the Constitution of Arizona requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

### **Provisions**

#### ***School Finance Formula***

1. Adjusts the base level for FY 2024 from \$4,775.27 to \$4,870.78. (Sec. 2)
2. Increases the support level weight for the Group B funding category for students who are eligible for free or reduced-price lunches (FRPL) from 0.018 to 0.022. (Sec. 3)
3. Increases the FY 2024 state support level per route mile from:
  - a. \$2.83 to \$2.89 for 0.5 or less approved daily route mileage;
  - b. \$2.32 to \$2.37 for more than 0.5 through 1.0 approved daily route mileage; and
  - c. \$2.83 to \$2.89 for more than 1.0 approved daily route mileage. (Sec. 3)
4. Sets district additional assistance amounts as follows:
  - a. For school districts with a student count of less than 100 for:
    - i. Kindergarten programs and the 1st-8th grades, from \$606.88 to \$637.41;
    - ii. The 9th-12th grades, from \$670.02 to \$703.72;
  - b. For school districts with a student count between 100-599 for:
    - i. Kindergarten programs and the 1st-8th grades, from \$433.78 to \$455.60;
    - ii. The 9th-12th grades, \$451.99 to \$474.73;
  - c. For school districts with a student count of 600 or more for:
    - i. Kindergarten programs and the 1st-8th grades, from \$502.33 to \$527.60;
    - ii. The 9th-12th grades, from \$549.33 to \$576.96;
  - d. For programs for preschool children with disabilities, from \$502.33 to \$527.60; and
  - e. For the purchase of required textbooks and related printed subject matter materials for the 9th-12th grades, from \$77.65 to \$81.56. (Sec. 5)
5. Increases charter additional assistance from:
  - a. \$1,985.58 to \$2,049.12 per student count in preschool programs for children with disabilities, kindergarten programs and the 1st-8th grades; and
  - b. \$2,314.16 to \$2,388.21 per student count in the 9th-12th grades. (Sec. 1)
6. Sets the qualifying tax rate for tax year 2023 to:
  - a. \$1.6637 for a high school district or a common school district within a high school district that does not offer instruction in high school subjects; and

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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- b. \$3.3274 for a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects. (Sec. 7)

***Results-Based Funding (RBF) Fund***

- 7. Directs the Arizona Department of Education to distribute RBF Fund monies, for FY 2024, to each school operated by a school district or charter holder as follows:
  - a. \$225 per student count if the school:
    - i. Had fewer than 60% of students eligible for FRPL, or an equivalent measure, when the spring 2022 statewide assessment was administered; and
    - ii. Performed in the top 13% of all schools on the spring 2022 statewide assessment;
  - b. \$400 per student count if the school:
    - i. Had at least 60% of students eligible for FRPL, or an equivalent measure, at the time the spring 2022 statewide assessment was administered; and
    - ii. Performed in the top 13% of schools that had at least 60% of students eligible for FRPL, or an equivalent measure, on the spring 2022 statewide assessment;
  - c. \$225 per student count if the school:
    - i. Had at least 60% of students eligible for FRPL, or an equivalent measure, at the time the spring 2022 statewide assessment was administered; and
    - ii. Performed in the top 27% but not top 13% of schools that had at least 60% of students eligible for FRPL, or an equivalent measure, on the spring 2022 statewide assessment; and
  - d. \$400 per student count for each alternative high school that performed in the top 27% of schools that had at least 60% of students eligible for FRPL, or an equivalent measure, on the spring 2022 statewide assessment. (Sec. 8)
- 8. Stipulates an alternative high school is only eligible for RBF Fund monies if it reports the average percentage of students who obtained a passing score on the spring 2022 statewide assessment. (Sec. 8)

***Miscellaneous***

- 9. Contains a legislative intent clause relating to classroom spending. (Sec. 9)
- 10. Incorporates two conflicting statutes relating to district additional assistance into one statute. (Sec. 5, 6)
- 11. Makes technical changes. (Sec. 1, 7)
- 12. Makes conforming changes. (Sec. 2)



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

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**[HB 2578](#): local government; 2023-2024**  
**Sponsor: Representative Livingston, LD 28**  
**Caucus & COW**

## **Overview**

Contains provisions relating to local government needed to implement the FY 2024 budget.

## **History**

The county Board of Supervisors (BOS) is tasked with various duties that are outlined in statute. The BOS is required to supervise the official conduct of all county officers charged with collecting, assessing, managing, safekeeping or disbursing public revenues and to see that the officers faithfully perform their duties ([A.R.S. § 11-251](#)).

The Joint Legislative Budget Committee (JLBC) is comprised of 16 members of the House of Representatives and the Senate. JLBC must ascertain facts and make recommendations to the Legislature regarding the state budget, revenues and expenditures of the state (A.R.S. §§ [41-1271](#), [41-1272](#)).

## **Provisions**

1. States, as session law, that for FY 2024, a county with a population of less than 250,000 people:
  - a) May meet any county fiscal obligation, up to \$1,250,000, from any source of county revenue designated by the county; and
  - b) Must report to the director of JLBC by October 1, 2023 whether the county met its fiscal obligation using a different revenue source and the specific source and amount of revenues intended for use in FY 2024. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

## **HB 2579: state budget implementation; 2023-2024**

**Sponsor: Representative Livingston, LD 28**

**Caucus & COW**

### **Overview**

Contains provisions relating to state budget implementation needed to implement the FY 2024 budget.

### **History**

The Budget Stabilization Fund (Fund) consists of monies transferred from the state General Fund (GF) according to statute. The annual budget recommendations from the Governor and the Joint Legislative Budget Committee must include estimates of required appropriations or transfers. A final determination of the amount to be appropriated or transferred to or from the Fund is made using personal income and price deflator estimates as reported in the second calendar quarter for the preceding calendar year ([A.R.S. § 35-144](#)).

### **Provisions**

1. Requires, as session law, any unrestricted federal monies received by the state beginning July 1, 2023 through June 30, 2024 to be deposited in the GF.
  - a) Stipulates that these monies must be used to pay essential government services; and
  - b) Contains a retroactivity clause of July 1, 2023. (Sec. 1)
2. Stipulates, as session law, that the Legislature is not required to appropriate monies to or transfer monies from the Fund through FY 2026. (Sec. 2)
3. States, as session law, that for FY 2024 the Fund is not limited to 10 percent of the GF revenue for the fiscal year.
  - a) Prohibits the State Treasurer from transferring any surplus monies from the Fund to the GF. (Sec. 2)
4. Requires the Attorney General to deposit \$77,250,000 received from the settlement agreement in *State of Arizona, ex rel. Mark Brnovich, Attorney General v. Google, LLC, No. CV2020-006219* in the GF by July 1, 2023. (Sec. 3)

☐ Prop 105 (45 votes)

☐ Prop 108 (40 votes)

☐ Emergency (40 votes)

☐ Fiscal Note



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

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## **HB 2580: state buildings; management; 2023-2024**

**Sponsor: Representative Livingston, LD 28**

**Caucus & COW**

### **Overview**

Contains provisions relating to the management of state buildings needed to implement the FY 2024 budget.

### **History**

The Capital Outlay Stabilization Fund (COSF) is a non-lapsing, appropriated fund that consists of rental rates charged by the Arizona Department of Administration for the costs of services provided to agencies that occupy state-owned buildings ([A.R.S. § 41-792.01](#)).

COSF rental rates of \$17.87 per square foot for office space and \$6.43 per square foot for storage space was first set in the FY 2020 budget ([Laws 2019, Ch. 267](#)).

### **Provisions**

1. As session law, maintains the COSF rental rates for state buildings in FY 2024 at:
  - a. \$17.87 per square foot for office space; and
  - b. \$6.43 per square foot for storage space. (Sec. 1)

☐ Prop 105 (45 votes)

☐ Prop 108 (40 votes)

☐ Emergency (40 votes)

☐ Fiscal Note



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

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**HB 2581: taxation; 2023-2024**  
**Sponsor: Representative Livingston, LD 28**  
**Caucus & COW**

**Overview**

Contains provisions relating to taxation needed to implement the Fiscal Year 2024 (FY24) budget.

**History**

Laws 2022, Chapter 321 established the Department of Revenue Integrated Tax System Project Fund (ITSPF) to implement a multi-year integrated tax system modernization project. The fund consists of fees assessed from local governments, a portion of the education sales tax, and a portion of the marijuana excise tax. Monies in the fund are subject to legislative appropriation and will be used solely for the administrative, development and other operating costs incurred in implementing the integrated tax system modernization project. A legislative intent clause provides guidelines for the assessment and collection of the fees.

**Provisions**

1. Limits, as session law, the total amount of fees charged for all counties, cities, towns, councils of government and regional transportation authorities to \$6,597,200 in FY24 for the ITSPF. (Sec. 1)
2. Limits, as session law, the total amount of transfers from the 0.6% educational sales tax to \$800,000 in FY24 for the ITSPF. (Sec. 1)
3. Limits, as session law, the total amount of transfers from the 16% recreational marijuana tax to \$178,100 in FY24 for the ITSPF. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: APPROP DP 9-6-0-0

## **HB 2582: transportation; 2023-2024**

**Sponsor: Representative Livingston, LD 28  
Caucus & COW**

### **Overview**

Contains provisions relating to transportation needed to implement the FY 2024 budget.

### **History**

The Arizona Department of Transportation (ADOT) was established in 1973 to provide for an integrated and balanced state transportation system with a director responsible for the department's administration ([A.R.S. § 28-331](#)). The footnote that ADOT report to the Joint Legislative Budget Committee (JLBC) on Motor Vehicle Division (MVD) wait times and vehicle registration turnaround times has been included since at least the FY 2007 General Appropriations Act ([Laws 2006, Ch. 344](#)). Beginning with the FY 2017 General Appropriations Act ([Laws 2016, Ch. 117](#)), ADOT has been required to submit reports on fees retained by an authorized third-party electronic service partner.

The Highway User Revenue Fund (HURF) receives monies from transportation-related licenses, such as driver's license revenue, taxes such as the motor vehicle tax and vehicle license tax, and fees ([A.R.S. § 28-6533](#)). HURF revenues are then distributed to the State Highway Fund and to political subdivisions for highway purposes.

### **Provisions**

13. Converts the session law requirement that ADOT submit the following annual reports to the JLBC into statutory law:
  - a) Progress in improving MVD wait times and vehicle registration renewal by mail turnaround times by July 31;
  - b) Expenditures for an information technology system using ADOT's dedicated portion of an authorized third-party electronic service partner's fee retention by February 1; and
  - c) ADOT's share of fees retained in the prior fiscal year by an authorized third-party electronic service partner by August 1. (Sec. 1)
14. Prohibits the use of HURF monies for projects that reduce the capacity for motor vehicle travel. (Sec. 2, 3)

☐ Prop 105 (45 votes)    ☐ Prop 108 (40 votes)    ☐ Emergency (40 votes)    ☐ Fiscal Note



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: ED DP 8-1-1-0

## **HCR2001: school district expenditures; authorization.**

**Sponsor: Representative Cook, LD 7**

**Caucus & COW**

### **Overview**

Allows school districts to exceed the aggregate expenditure limitation (AEL) by \$1,385,809,642 in FY 2023.

### **History**

In 1980, Arizona voters approved [Proposition 109](#), which amended the state Constitution by creating the AEL for all school districts. The Arizona Constitution and statute detail the formula to calculate the AEL and procedures if the AEL is exceeded.

Prior to May 1, the Economic Estimates Commission (EEC) must determine the AEL for the following year. The AEL is calculated by adjusting FY 1980 local revenue expenditures for all school districts to reflect changes in student population and the cost of living. This amount is then multiplied by 10%. The state Constitution details the monies, revenues, funds, property and receipts that are included and excluded from *local revenues* ([Ariz. Const. art. 9, sec. 21](#)).

By November 1, the State Board of Education (SBE) must determine the current year aggregate expenditures of local revenues for all school districts. If this amount exceeds the AEL, two options may occur. The Legislature may authorize, by March 1, the expenditures of local revenues in excess of the AEL upon two-thirds approval in both the House of Representatives and the Senate.

If the Legislature does not authorize the expenditures of local revenues in excess of the AEL, SBE must inform each school district, by March 5, of the amount by which it must reduce its expenditures of local revenues. Then, by April 1, each school district governing board must adopt a revised current year budget that is reduced by the amount determined by SBE ([A.R.S. § 15-911](#)).

For FY 2023, the EEC [calculated](#) the AEL to be \$6,402,335,366. The Arizona Department of Education [calculated](#) the aggregate expenditures of local revenues to be \$7,788,145,008. This means that for FY 2023, school districts will exceed the AEL by \$1,385,809,642.

### **Provisions**

1. Authorizes school districts to spend \$1,385,809,642 of local revenues in excess of the AEL in FY 2023. (Sec. 1)
2. Conditions the authorization to exceed the AEL on the approval of at least two-thirds of the membership of the House of Representatives and the Senate by March 1, 2023. (Sec. 1)

☐ Prop 105 (45 votes)    ☐ Prop 108 (40 votes)    ☐ Emergency (40 votes)    ☐ Fiscal Note